

JEFF MERKLEY  
OREGON

# United States Senate

WASHINGTON, DC 20510

COMMITTEES:  
ENVIRONMENT AND  
PUBLIC WORKS  
  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
  
BANKING, HOUSING,  
AND URBAN AFFAIRS  
  
BUDGET

January 6, 2011

The Honorable Julius Genachowski  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Dear Chairman Genachowski:

As you deliberate on the proposed merger between Comcast Corporation and NBC Universal, there are several issues raised by Oregon constituents that I believe merit thorough analysis and careful consideration.

First, small cable providers in rural Oregon are concerned that Comcast and other large content providers charge higher prices to providers and their customers in rural markets as compared to urban markets. They argue that since it costs the same to provide content to rural cable companies as it does to larger urban companies, the price differential in rural communities seems to reflect the market leverage held by Comcast. Is there a way to address this issue in the merger, or would the merger make this situation worse by decreasing competition?

Second, Oregon customers have experienced high price growth in cable and internet prices over the past decade and are concerned that this growth will be even higher with market consolidation. *The Oregonian* recently ran an article detailing how Comcast has almost doubled the price of its standard plan over the past ten years, a period in which the consumer price index fell slightly for the Portland metro area. Some of this price growth may be explained by additional channels and faster internet speeds, but consumers wonder why they shouldn't have the option of keeping their basic services without a price hike, rather than being left with little choice but to pay for larger more-expensive basic packages. Is there a way to address this issue in the merger, or would the merger make this situation worse by decreasing competition?

Third, Oregon customers are concerned about the ability to watch the Portland Trailblazers, which for years has been Oregon's only major league sports franchise. Currently, very few cable providers other than Comcast carry the Trailblazers games due to disputes over the price Comcast charges to carry its regional sports network. This raises, in a charged manner, the natural tensions between providing content and operating a content delivery system. This problem merits further investigation, since if Comcast owned an entire broadcast network in addition to its regional sports channels, the issues related to customer access to beloved programs will grow.

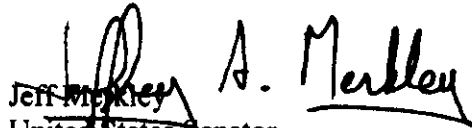
MB  
Comcast/NBCU  
PV  
JC  
051

Fourth, Oregonians are concerned about protecting network neutrality principles. As both a content provider and internet service provider, Comcast is playing the role of traffic cop while having a vested interest in which cars slow down and which race ahead. This dual role creates a structural incentive for Comcast to provide a fast lane for its own content while assigning a slow lane to competitors—a violation of net neutrality. This conflict of interest could logically grow through a merger in which Comcast becomes a larger content provider. How will the FCC protect net neutrality for Comcast customers?

For over a century, antitrust law has reflected a healthy skepticism of the distorting effects of great concentrations of market share. There are potential benefits to customers, but also potential costs. Thus, please provide thorough and fair consideration of these concerns expressed by Oregonians.

Thank you for your prompt attention to these issues. I look forward to your response.

Sincerely,

  
Jeff Merkley  
United States Senator



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

March 17, 2011

The Honorable Jeff Merkley  
United States Senate  
107 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Merkley:

Thank you for your letter regarding the Commission's review of the proposed joint venture between Comcast Corporation and the General Electric Company subsidiary, NBC Universal, Inc. After a thorough, fair and timely review of the extensive record in the proceeding, the Commission adopted a *Memorandum Opinion and Order* on January 18, 2011, approving the transaction with merger-specific conditions. I am pleased to say that we completed our review expeditiously, particularly given the size and complexity of the transaction. The result was a transaction that the Commission found to be in the public interest.

I appreciate your interest in this important matter. I am enclosing a copy of the Commission's release summarizing the Commission's action. Commission staff will be happy to work with your office if you have any additional questions. Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Genachowski", is written over the typed name. The signature is fluid and stylized, with a large initial "J" and a long, sweeping underline.

Julius Genachowski

Enclosure